

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, MAY 31, 2006**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of May 31, 2006, was called to order by Mayor Hitchcock at 6:35 p.m.

Present: Council Members – Beckman, Hansen, Johnson, and Mayor Hitchcock

Absent: Council Members – Mounce

Also Present: City Manager King, City Attorney Schwabauer, and Deputy City Clerk Perrin

B. REGULAR CALENDAR

B-1 "Presentation of the fiscal year 2006-07 recommended draft budget"

City Manager King reported that the presentation will consist of a general overview of the City's budget, followed by department presentations on their budgets, accomplishments, and objectives. At the June 6 Shirtsleeve Session, staff will present more in-depth information on the electric utility, water, and wastewater budgets; on June 7, Council will conduct a public hearing for the public to offer comments on the budget; and on June 21, it is anticipated that Council will adopt the fiscal year 2006-07 budget.

With the aid of a PowerPoint presentation (filed), City Manager King reviewed the highlights of the budget as follows:

- The general fund budget is balanced without the use of reserves.
- Progress has been made in developing the minimum general fund reserve, which is 15% of the expenditure budget pursuant to policy. With a budget of \$44 million, a reserve of \$7 million is needed. Presently, the reserve level is \$1.5 million, and another \$5.5 million is necessary to meet the minimum general fund goals. A 15% reserve represents the available cash level the City would need in the event of a catastrophic natural disaster, which would be equal to three months funding to operate and carry on governmental operations.
- Service levels are slowly being restored.
- Public safety is emphasized in this budget. Police and fire represent 52% of the proposed general fund budget, with a \$14 million Police Department budget (\$1.3 million increase from the previous year) and an \$8.5 million Fire Department budget (\$230,000 increase).

Council Member Hansen suggested the need for a policy to protect the general fund reserve to avoid consuming it once it is built up, to which Mr. King responded that typically a City Manager is obligated by policy to report to Council with a plan to address a low reserve level. Mr. Hansen expressed support for such a policy and stated that, despite the fact that the City is far from realizing a 15% reserve, it would be prudent to incorporate a mechanism now to protect the reserves from being spent thoughtlessly.

- Further work is necessary to meet electric utility fund reserves.
- Progress is being made to establish a vehicle replacement reserve. In the past, the City had a reserve for vehicle replacement, in which every vehicle was accounted for and on an annual basis funds were set aside toward replacement; however, the City moved away from that practice. The City should have \$7 million in reserve for vehicle replacement, and in this fiscal year, \$473,000 has been budgeted for all funds for vehicle replacement.
- Not addressed in the budget is facilities maintenance and replacement, which continues to be deferred. It is estimated that approximately \$3 million of maintenance is needed on City facilities in order to avoid deterioration and another \$2 million for replacement of facilities.

- The City's organizational chart had no changes with the exception of a number of internal service functions that were consolidated into the City Manager's Office.
- The all funds budget, which combines all City funds, is \$203,402,690. The largest fund is electric utility, which accounts for 37% of the all funds budget, or \$73 million; the general fund budget is \$44 million; wastewater utility is \$40 million, which is higher this year due to the Phase 3 capital project to restore the wastewater treatment plant; and water utility is \$12.9 million.
- This year, much effort went into verifying the numbers in the City's position control inventory to address the issues of contract employees and the practice of freezing positions through attrition. Out of 491 full-time positions, there are 43 mandated vacancies. Staff budgeted for all 448 full-time positions, with the exception of one, but did not budget for a vacancy factor; therefore, if an employee leaves and there is a gap between his exit and the replacement filled at a lower salary level, there would be a savings to the City. Mr. King pointed out that there was an error in the total positions table for the Police Department. It was believed that there would be 76 sworn positions and 3 mandatory vacancies for one jailer-dispatcher, one clerk, and one detective. Additionally, there was a grant-funded police officer that was eliminated, which would be restored if the police department could obtain 100% grant funding. It was presumed that the regular detective position was to be a mandatory vacancy; however, that was not the department's intention. The chart should instead indicate 116 total Police Department positions and 2 mandated vacancies, and an adjustment will be made prior to adoption of the budget. The appendix section of the budget includes a listing of grant-funded positions.

Mayor Hitchcock questioned how grant-funded positions were handled, to which Mr. King responded that, if funding is obtained, the position would be considered a regular employee of the City with the revenues coming from a grant. If grant funding for one position were to cease, there would most likely be enough latitude to absorb that position; however, it becomes a much more difficult decision if the grant were for multiple positions. In that case, serious consideration would need to be given before hiring the grant funded positions to ensure whether or not the City could absorb the additional staffing. The City does not have a formalized system in place regarding grant-funded employees.

Council Member Hansen added that, before a grant is accepted, the details should be clear up front on positions, funding, and the affect on the City once funding ends.

- Part-time staffing is 51 full-time equivalent employees, or 252 part-time employees.
- There are 24 mandated vacancies in the general fund and 19 in electric utility.
- At the request of Council last year, staff prepared a table listing all of the proposed position changes, and Mr. King highlighted the major changes:
 - The Fire Department proposed that 3 firefighter positions be upgraded to fire engineer positions, for a total of 21 fire engineers. Additionally, in order to maintain the level of 18 firefighters, it was also proposed that 3 firefighters be added. The increase to the Fire Department's budget is not related to these personnel changes because the funding will come from the anticipated reduction in the overtime budget. The Fire Department originally requested six additional firefighters.
 - It was also proposed that the title of City Engineer be changed to City Engineer/Deputy Public Works Director, with no compensation change, in order to create a clear delineation of the chain of command and the succession within the Public Works Department.
 - The water/wastewater superintendent position has been vacant for several years, and it was proposed that it be filled with an engineering requirement as a minimum qualification – no change in compensation.

- The water conservation officer position was recommended to be eliminated and exchanged for a water services technician.

Mayor Hitchcock questioned if the plan to reclassify three firefighters into fire engineers would consequently reduce the actual positions needed to relieve the forced mandatory overtime.

Mr. King responded that one issue is the minimum staffing requirement. Generally, there should be two above the minimum staffing requirements for the four stations; however, due to vacation, sick leave, or call out, there are not enough firefighters available, which create a forced overtime situation. The other issue is that only fire captains and fire engineers are qualified to drive the fire apparatus; not firefighters. A larger pool of fire engineers would alleviate the problem of having available apparatus drivers because of the minimum staffing level requirement.

Council Member Hansen stated that the Fire Department spent its entire overtime budget in the first six months of the current budget year and Council was requested to make a mid-year budget adjustment. He believed this proposal was a smart move, but he cautioned that, with the potential for workers compensation injuries or unforeseen circumstances, there could still be a significant overtime budget at the end of year, as well as the need to fund the three additional positions.

In reply to Council Member Hansen, Mr. King stated that some of the position changes will include increases to salaries, such as those recommended by the Library Board of Trustees; however, most of the remaining positions should not result immediately in any salary changes. The proposal for the wastewater plant operator is to add a third level to allow for advancement due to the increased standards set by the State Department of Health and Services – there would be a cost impact down the road, but not immediately. In the case of the vacant water/wastewater superintendent position, various employees were working out of class for a number of years and receiving compensation, and the determination was made to reclassify those positions in order to institutionalize the out of class pay they were receiving.

In response to Mayor Pro Tempore Johnson, Mr. King stated that, with the exception of the few examples highlighted, he did not anticipate salary increases for the proposed position changes affecting the 2006-07 budget; however, there may be some down the road in future budget years. The change for the dispatchers bargaining unit was a mutual request among the employees so that supervisors would be removed from those they directly supervise. Pay and benefit should be the same for each bargaining group.

- General fund revenues match up against expenditures, and it is anticipated that the year will end in a better position than the projected \$1.5 million fund balance. General fund revenues have increased: sales tax revenues by 7% and property tax by 11.5%. Over the last five years, City revenues have increased by 13%, but at the same time, expenses have increased by 27%. There are approximately 100 different general fund revenues. The largest single-source revenue is sales tax, which includes sales, Proposition 172, and the “trip flip” sales taxes, and that equals \$8 million. Investment earnings are \$140,000, and it was pointed out that, as the reserves decrease, the ability to gain money off of interest earnings is depleted as well.

Finance Director Krueger added that, during the course of the fiscal year, the general fund has a fund balance of \$1.5 million; however, most of the fund balance is comprised of assets other than cash (i.e. accounts receivables). Very seldom during the course of a fiscal year is there cash in the general fund. In the past when there was a healthy electric utility cash balance, there was enough cash in the pool to help with cash flow in all of the funds. As the City heads toward the 15% reserve level, it is expected that the general fund would have a positive cash flow and, as a result, there would be an increase in investment earnings.

- Lodi is in the mid-range of its neighboring cities on property tax per capita. Only 16.67% of property tax received goes directly to Lodi. Much of it goes to the state (27.72%), county (27.35%), and school districts (21.78%). Another 6.67% goes to various special districts. Since 1993, a percentage of the property tax has been flowing back to the state, and voters recently passed Proposition 1A, which stopped the Educational Revenue Augmentation Fund shift from increasing. As a result, the City should begin receiving \$600,000 to \$700,000 more in property taxes.
- Lodi is at \$144 million in sales tax per capita, which takes into consideration only the residents inside the City limits. The per capita number would decrease if Woodbridge or the surrounding area populations were factored into the equation.
- Personnel assets are 76% of the general fund, which is 1% higher than last year.
- In the general fund, the Fire Department allocated money specifically for emergency preparedness in the amount of \$304,000.
- The general fund contribution to the Community Development Department was reduced by \$50,000. The goal is for private development to pay for its own costs, and, with the recent adjustment in fees, the department has become more self-supporting.
- The economic development position was proposed to be restored in the City Manager's Office and is budgeted for six months. The Lodi District Chamber of Commerce expressed the need for an economic development position, and staff has a variety of tasks for the position to undertake.
- A street fund was established, which includes the revenues and expenditures associated with street maintenance.
- This budget addresses the City's self-insured retention amount, which the City of Lodi established in the mid-1980s. The deductible was \$500,000, and it has not been changed since then. Staff has researched the matter and determined that if the self-insured retention was lowered to \$250,000, the City could save \$122,000.

Mayor Hitchcock questioned if the City would still belong to the Joint Powers Authority, which covers anything over \$500,000, to which Mr. King replied in the affirmative.

- Staff's intention regarding direct cash donations was to equalize the donation amounts between the various organizations and arrive at a reason for the amounts. The funds would come from the economic development portion of the budget.
 - Lodi Arts Commission – \$35,300, which is equal to a quarter of payroll and benefits for a mid-management position (i.e. an economic development professional).
 - Downtown Lodi Business Partnership (DLBP) – \$35,300, with the same calculation as above.
 - Lodi Conference and Visitors Bureau (LCVB) – \$94,100, which takes the base figure of \$35,300, plus two-thirds of the fiscal year 2005-06 contribution over the base. Mr. King pointed out that this figure is less than what was requested by Nancy Beckman, LCVB Executive Director, in her letter to Council (filed).
 - Lodi District Chamber of Commerce – \$1,903, equals annual membership dues.
 - Lodi-Tokay Rotary Club fireworks – \$18,000.
 - San Joaquin Partnership – \$30,000. Mr. King recommended that, before the money is delivered, Council discuss the mission and relationship between the Partnership and the City.

In response to Mayor Hitchcock regarding the rationale behind the quarter of mid-management salary and benefits, Mr. King stated that these are economic development functions and he compared them to the position of an economic development coordinator.

Mayor Hitchcock agreed that DLBP and LCVB could be linked to economic development; however, she did not see the connection to the Lodi Arts Commission. She expressed concern about the San Joaquin Partnership and whether the City has received benefits from that affiliation. The increase in visitors and tourism and the affects of the wine industry on the downtown is a direct result of the DLBP and LCVB, not the Partnership.

Council Member Hansen concurred with Mayor Hitchcock regarding the San Joaquin Partnership and supported the concept of tying reporting criteria to the funds. Mr. Hansen expressed opposition to the reduction in the LCVB funding as its functions are an investment in this community and further voiced support for the Director's recommendation of a \$15,000 reduction.

City Manager King stated that his intention was to gradually decrease the cash donations to the LCVB over the next budget years. The overall funding for the LCVB has increased due to the 9% transient occupancy tax (TOT), one-third of which goes directly to the LCVB. The City's contribution plus the one-third of TOT is equivalent to \$250,000 that goes to LCVB.

Mayor Hitchcock believed that the LCVB serves as the economic development position because of its knowledge and expertise and she was not favor of filling an economic development position.

Mayor Pro Tempore Johnson pointed out that the LCVB is currently in the process of moving its office and is faced with higher costs, which needs to be taken into account. With regard to the San Joaquin Partnership, the long-standing problem has been that Lodi does not have a product for the Partnership to market (i.e. no industrial land, large parcels, etc.). He questioned why the economic development position was budgeted for only six months and stated that filling it now might be premature.

Mr. King stated that the economic development position was budgeted for six months because it was anticipated that the position would not be filled until mid-year.

Council Member Beckman requested feedback on future discussions with the San Joaquin Partnership and that the discussions include how the role of an economic development position would tie into it. He was prepared to go forward with the \$30,000 cash donation to the San Joaquin Partnership and with the economic development position for six months, with the caveat that it be revisited prior to the position being approved by Council.

Mayor Pro Tempore Johnson stated that the San Joaquin Partnership offered to make a presentation to city councils in San Joaquin County regarding its Angelo Study, which is the Partnership's new master plan for the next several years, and he suggested that this be scheduled in the near future.

Mayor Hitchcock preferred that Lodi makes its own vision, rather than the San Joaquin Partnership, and that Lodi first determine its vision through the general plan.

- On May 18, the Lodi Finance/Budget Committee reviewed the following three components of the budget:
 - Direct cash donations – endorsed staff's recommendations;
 - Part-time Youth Commission liaison position at Hutchins Street Square – recommended the position be retained for the budgeted amount of \$15,000; and
 - Three versus six firefighters, plus three fire engineers – recommended three firefighters plus the three fire engineers.
- The electric utility reserve is \$1.5 million, and it was hoped to be over \$3 million.
- The library fund unreserved fund balance is \$540,000, which is well above the 15% standard, and there is anticipated to be an increase in revenue.

- The water fund balance unreserved portion is \$830,000.
- The wastewater fund includes a large capital project, which is offset by bond proceeds.

Council Member Hansen questioned if the library unrestricted fund balance is minus the library capital project, to which Mr. King replied in the negative. He added that the heating, ventilation, and air conditioning issue remains unresolved in this budget.

Police Department

Police Chief Adams reported that the Police Department budget reflects an increase of \$1,347,000, or 10%. The increase is due to negotiated costs of living increases and benefits; new line items for fleet maintenance and liability and damage; and the cost of adding back a lieutenant position, which Council approved mid-year. All sworn police officer positions will be filled, and there is a mandated vacancy of three, which includes one special assignment dispatcher-jailer, one records clerk, and one grant-funded detective. There was a non-grant detective position still showing as one of the three vacancies, and it was requested that it be addressed prior to finalization of the budget. The Police Department will not fill the grant-funded detective position until it can secure 100% grant funding. Staff anticipates in the next year that state funds may become available for an auto theft task force in San Joaquin County. Police Department 2005-06 accomplishments include:

- \$148,450 in overtime savings and \$293,000 in salary savings;
- Significant cost savings and ability to deliver excellent service through the usage of 100 senior volunteers in the Partners Program. The cadets, reserves, and shelter volunteers continue to support Police Department efforts;
- Involved in the Delta College promotion to bring a Delta campus to Lodi;
- Worked with Code Enforcement Division to help with blight identification; and
- Dealt with terrorist arrests in the community and maintained good relationships with various segments of the community and with Federal authorities.

2006-07 emphasis includes:

- Enhance efforts to curb auto theft;
- Continue community policing efforts to seek partnerships wherever possible;
- Hire eight to nine police officers in the next year; and
- Maintain emergency preparedness capabilities and staff training.

In regard to dispatch supervisors moving into another bargaining unit, this request was mutually agreed upon by dispatch supervisors, the dispatch association, and police department management.

Council Member Hansen questioned what the accurate number of sworn police officers is, to which Chief Adams stated that the actual number is 77 plus one vacant grant-funded position. It was the non-grant-funded position that was not included in the budget, and still needs to be.

Mr. Hansen stated that he preferred the Police Department to be funded at the level it was when he retired as Chief six years ago, which was 78 full-time sworn positions.

Mr. King explained that the total positions chart lists 116 positions and 3 mandated vacancies, but it should be reduced to 2 mandated vacancies, which would allow for budgeting of the additional detective position. If the Police Department obtains funding for the grant-funded position, the total positions would increase to 117.

Mayor Pro Tempore Johnson stated that the controversy regarding Stockton fire dispatch has not been resolved and questioned how it would affect the Police Department if that function were brought back and it was one dispatcher position short.

Chief Adams stated that, to provide dedicated fire dispatch, an additional four to five dispatchers would be needed. The reason for going to Stockton dispatch was to have dedicated fire dispatch that did not cross between police and fire. The function is difficult

on police dispatchers, because fire dispatch has a different protocol. Stockton dispatch is still a reasonable deal because the City could not provide dedicated fire dispatch for the same amount of money.

Mayor Hitchcock questioned if the 33% increase in the Police Department budget from 2003-04 to 2004-05 was attributed to the maintenance and operation of the new police facility, to which Chief Adams replied in the negative. Additionally, Mayor Hitchcock questioned if the Police Department experienced similar issues as the Fire Department regarding mandated overtime and personnel costs that could be addressed by hiring additional police officers.

Chief Adams stated that the Police Department does not have the same issue of staffing engines. It does have minimum staffing standards for patrol shifts; however, the Police Department has other areas from which to pull officers in order to cover shifts.

Mr. Krueger commented that the 33% increase in the Police Department's 2004-05 budget was due to the first-time accounting for workers' compensation and medical, dental, and vision insurance in departmental budgets.

Mayor Pro Tempore Johnson commented that crime statistics show a decrease; however, calls for service rose, and he questioned what might have caused that.

Chief Adams stated there are many factors that could account for the rise in calls for service, such as population shifts, a vibrant downtown that attracts people from all over the area, and community oriented policing, which encourages citizens to contact the Police Department when they see something suspicious.

In response to Council Member Hansen, Chief Adams confirmed that he has no intention of pulling out the bicycle officers from the downtown.

Council Member Beckman commented that he supported investigating the possibility of reinstating the sworn police officer level to 78 positions.

Fire Department

Fire Chief Pretz reported that the Fire Department budget for 2006-07 increased by \$229,000 and personnel increased from 61 to 64, which included filling the 3 frozen positions and adding 3 firefighter positions. The following 2005-06 accomplishments were highlighted:

- Completed the self-contained breathing apparatus upgrade through a fire act grant in conjunction with several fire districts; the City obtained \$300,000 in equipment for \$30,000;
- Used the remaining money from the fire act grant to move into the City's Geographical Information System, which will assist staff on station location, response times, etc.; and
- Implemented the fire protection equipment plan review and inspection program, and in the past year collected \$100,000.

2006-07 emphasis includes:

- Continue to work with the Police Department and Delta College to establish joint police/fire training. Staff has lobbied for federal and state funding;
- Continue to work on the overall strategic plan regarding relocating and rehabilitating the fire stations; and
- Adopt the anticipated new state fire code.

Chief Pretz explained that the staffing needs and overtime issues were approached in two ways: 1) A staffing needs study was performed, which calculated the number of hours worked, less leave for vacation, sick, holiday, etc. for a typical veteran firefighter position, and the staffing factor resulted in 54 employees; 2) The "break even" point was determined, which is when the amount paid for overtime versus salaries becomes equal. That equalization number is the number of bodies needed to fill those positions, which also

equaled 54. The Fire Department currently has 48 employees on shift. Increasing the number to 54 would be achieved by hiring back the 3 frozen positions and adding the 3 new positions. Chief Pretz predicted that this would reduce the number of sick leave hours. The primary reason behind this request was to provide more bodies to relieve the overtime and use the money from overtime savings to pay for those salaries. Additionally, the Insurance Services Office recently re-rated the Fire Department from 76 points to 72 due in part to the staffing levels. In the last five years, the Fire Department has been short-staffed almost every year due to workers compensation, termination, or resignations/retirements. The fire engineer position is critical to the Fire Department because they are authorized to drive the fire apparatus; whereas, firefighters are not. Fire engineers are also used as acting firefighters and fill in when the department is short staffed.

Council Member Hansen questioned if the Chief was confident that the overtime would stay at the projected \$389,000 if the three positions were added, to which Chief Pretz replied in the affirmative.

In response to Mayor Hitchcock, Mr. Krueger confirmed that the Public Employees Retirement System contribution was reduced in public safety budgets due to smoothing it out over 30 years; however, there was a slight increase to miscellaneous employees.

Mayor Hitchcock questioned what is included in the sublet service contracts account, to which Chief Pretz answered that it includes sublet contracts for the Stockton dispatching services, maintenance contract for radios, and various other services.

In answer to Mayor Hitchcock, Chief Pretz stated that he believed it was a prudent decision to contract with Stockton dispatch because it costs half of what the City would pay for the same level of service for dedicated dispatchers. The city of Stockton has assured staff that its costs would not increase significantly as they had in the past.

RECESS

At 9:20 p.m., Mayor Hitchcock called for a recess, and the City Council meeting reconvened at 9:34 p.m.

B. REGULAR CALENDAR (Continued)

B-1 Electric Utility Director Morrow reported that the Utility is moving from a negative \$7 (Cont'd.) million position in this fiscal year to a balanced budget next year; however, this budget does not build up the reserve level. There are no rate increases included in this budget. The costs of general fund operations are proposed to stay flat, and this is the third year in a row that contributions toward City departments for services would stay flat. Normal capital projects associated with the delivery of electricity is now included in the rates, reducing the need to use bond money. Northern California Power Agency (NCPA) costs will decrease by \$2.5 million, and the City has locked down most of its open position for power during the next fiscal year. Revenue projections for next year are realistic. Mr. Morrow reviewed the following 2005-06 accomplishments:

- Hired a new Electric Utility Director;
- Closed most of the open position for energy;
- Performed an electric cost of service study;
- Implemented a market cost adjustment and "trued up" the electric rates;
- Developed a five-year financial pro forma and worked with rating agencies on financial planning;
- Promoted new projects for the Utility that will be critical in order to bring stability and base load energy to the City's portfolio. The two projects are the Resource 500 and the Lodi project at White Slough; and
- Adopted a risk management plan and established a risk oversight committee.

2006-07 emphasis includes:

- Review staffing levels of the Electric Utility. There are a number of key management positions requested to be filled. Electric Utility is composed of three divisions: construction; engineering and operations; and business planning/rates/resources. Each has a division manager, two of which are vacant;
- Work on long-term resource opportunities;
- Update the financial plan and potentially identify new revenue sources;
- Review rate structures as there are customers who may not be on the correct rate schedule;
- Work on economic development incentives;
- Explore the transmission line to the west; and
- Examine how costs are allocated to new development, so that development pays the full incremental cost of extending electric services to those customers.

In response to Mayor Pro Tempore Johnson, Mr. Morrow stated that discussions regarding the transmission line have taken place with Western Area Power Administration (WAPA) and NCPA, and both organizations realize how important it is for the City to integrate with WAPA's network, as it could help the City separate from the California Independent System Operator (CAISO), as well as assisting with the Lodi project at White Slough. Mr. Johnson stated that the last time this issue was brought forward the property owners were strongly opposed to it.

Mr. Morrow indicated that there is presently one pipe that brings power into Lodi, which comes from the Lockeford substation of the Pacific Gas & Electric system. One pipe is not reliable; the City needs diversity and a second supply. One suggestion was to move the line further to the north; although, the benefits of tying it in with White Slough or the Lodi project would be lost; however, there may be a better route.

Council Member Hansen commented that the major change between the previous attempt and now is the skyrocketing cost of energy and chances are greater that it could be successfully done. He supported the idea of moving off of the CAISO grid and onto WAPA's grid. CAISO is very unpredictable in the costs it passes onto the City; whereas, WAPA would be a stable source, which is a benefit to residents and businesses.

Council Member Beckman questioned how Electric Utility is able to function with a 30% workforce vacancy, to which Mr. Morrow responded that the department also has seven contract positions—four full time and three part time. He hoped to be able to integrate some of those positions into the permanent budget. For the time being, the department is getting the job done with the current staffing level; although, it may be necessary to increase the number if development increases.

In response to Mayor Hitchcock, Mr. King stated that the 19 mandated vacancies represent approximately \$1.6 million.

Mayor Pro Tempore Johnson commented that at one time there was a high demand for skilled line personnel and that it was often difficult to fill the need. He questioned if this was still an issue and if the City was assured of having skilled personnel available.

Mr. Morrow stated that most of the contract line personnel were either brought on board permanently or moved onto positions elsewhere. None of the seven contract positions are line personnel; however, there are seven mandated vacancies for line personnel. He believed that the need for line personnel at this point was not warranted, but it may be necessary to fill those vacancies should development increase. Those seven positions were approved in last year's budget, and they have been kept vacant for this year.

Mr. King stated that staff has not analyzed the staffing needs and there is a need to look at the overall organization. Previously, department heads were allowed to hire contract employees directly without going through the City's recruitment process, but the downside was that control was minimized and that Human Resources could not attest to the selection process.

Mayor Pro Tempore Johnson questioned if there was an expectation that contract positions would automatically transition into full-time positions after a certain period of time. Mr. Schwabauer replied that the issue is whether the contract position is limited to a short-term special project. The civil service system is designed to prevent using contract employees indefinitely; however, there is no cast-iron rule as to when the position becomes permanent, and Mr. Schwabauer stated he would need to evaluate each individual position to make that assessment.

Public Works Department

Public Works Director Prima reported that the total public works budget was \$72 million. In Administration and Engineering, there are 24 personnel with 2 vacancies that have been frozen for quite some time. Mr. Prima highlighted the 2005-06 accomplishments:

- Lower Sacramento Road widening project;
- Century Boulevard extension, which is one of the first new streets in Lodi in 30 years that was not directly associated with new development;
- Worked closely with the San Joaquin Council of Governments (SJCOG) on the regional traffic fee and Measure K renewal;
- Updated the sidewalk maintenance policy and raised awareness in Lodi about the condition of and responsibility for sidewalks;
- The water meter pilot project was in response to a state mandate. Staff received initial data on the 400 pilot meters, which indicates a variation in water usage; and
- Made progress on the PCE/TCE remediation and funding.

2006-07 emphasis includes:

- White Slough Phase 3, which will upgrade the remainder of the secondary plant to provide a full 8.5 million gallons a day capacity;
- Rehabilitation of the pipeline between Lodi and the White Slough treatment plant. The most recent consultant recommended chemical additions to reduce the amount of corrosion from the hydrogen sulfide. Staff conducted tests, and the conclusion was that this would not be very effective. The recommendation this budget year is to perform a video inspection of the line in preparation for the project;
- Proceed with long-term water meter implementation program. The water capital budget does not include funding for water meters;
- Implementation of the Woodbridge Irrigation District water supply;
- Adjust the street fund to remove the general fund portion of streets;
- Work with SJCOG to secure federal funding to upgrade the transit maintenance facility; and
- Involvement in the general plan update.

The Streets Division budget has 2 mandated vacancies, and the Fleet and Facilities budget has 17 staff with 3 vacancies (2 in fleet maintenance and 1 in facility maintenance). The Transit Division budget has no significant changes.

In response to City Manager King, Mr. Prima explained that, if the City were to cease all public transit operations, the \$4.7 million budget would not flow back into the general fund; in fact, there would be a negative impact to the general fund budget in that certain costs of services, which are charged to transit, would cease without the transit program. Ceasing transit operations would result in an adverse impact to the general fund.

Council Member Hansen reported that the City of Lodi has not yet adopted the Measure K Expenditure Plan and questioned when that would come before Council, to which Mr. King stated that it is anticipated to be on the June 7 agenda.

Parks and Recreation Department

Parks and Recreation Director Goehring reported that the 2006-07 budget is \$3.9 million, which breaks down into \$1.7 million for recreation and \$2.1 million for parks. There is a

\$275,000, or 7.4%, increase over fiscal year 2005-06. The increases were a result of workers compensation, PERS, liability and damages, and vehicle replacement and repair. Parks and Recreation currently employs 31 full-time employees and has 3 mandated vacancies (an administrative clerk in recreation and a maintenance position and project program specialist in parks). The department relies heavily on part-time positions and employs 250 to 275 part-time employees per year, which is equivalent to 71,000 labor hours and a full-time equivalent factor of 34.19 positions. Estimated revenues are \$936,000; however, this was a very conservative estimate and does not reflect grant revenues from the state for the after school programs. Staff anticipates that revenues may actually exceed \$1 million. Mr. Goehring reviewed the 2005-06 accomplishments as follows:

- Facility uses exceeded 16,000;
- Registered 714 teams, which calculates program registrants and/or event attendees in excess of 129,000 people;
- Responsible for 1,500 to 1,800 volunteers on an annual basis;
- Updated program and facility fees to meet cost recovery targets. Fees were increased for adult sports, JBL basketball, flag football, competitive soccer, and facility rentals, and the after school program raised its fees as well;
- Commenced work on five capital projects, which were funded with 2000 Bond Act monies: Beckman Park restroom replacement, Henry Graves Park restroom replacement, Legion Park community room roof repair, Kofu Park community room roof repair, and Peterson Park project to bring the playground equipment up to Americans with Disabilities Act standards. Total construction value was \$525,000;
- Reinstated the Lodi Lake tour boat program after two years of being off of the lake and river. It is estimated the number of tours this season will be 35, but with water in the lake on a year-round basis the number will most likely increase. Estimated revenue for this program is \$7,000 to \$9,000;
- Completed construction of 2.66-acre Century Meadows Park, which is the first "turn-key" park project, meaning the City designed it and the developer built it and gave it back to the City. The estimated construction value is \$500,000;
- The Parks Division implemented a zone maintenance concept in response to the staff shortage. The community was divided into five zones, with a crew leader and crew responsible for park maintenance for certain zones. Staff is presently evaluating the efficiency and effectiveness of the program; and
- Implemented the "no feeding" ordinance at Lodi Lake to address issues with geese.

The 2006-07 emphasis includes:

- Continue to maintain a high level of effective programming and services with less staff and a smaller budget;
- Attempt to maintain program cost recovery goal of 35% and strive to cover 100% of budget costs in the fee-based programs;
- Annually review program fees and charges to accomplish budget targets;
- Create and implement a budget review task force that will annually review fees and charges and make recommendations to the Parks and Recreation Commission, which would be forwarded onto Council for review and approval;
- Encourage increased participation in programs and facility uses by developing new and creative marketing efforts and introducing new programs, camps, and specialty classes, with the caveat that they pay for themselves. For example, a new after school program site may be introduced at Woodbridge Elementary School; however, the program must show that it will cover its costs, or it will not open; and
- Foster good relationships with the community. There is a \$50,000 to \$60,000 value per year that is donated in the form of labor, materials, and volunteerism from the

community, service clubs, and other organizations, which is vital to the success of Parks and Recreation.

Council Member Hansen questioned if there has been an impact on programs due to fee increases, to which Mr. Goehring stated that the spring and summer sports are not seeing a negative impact from the fee increases. One issue, however, is that there are sports opportunities available in other leagues and there are prime facilities being built and paid for by parents of participants, with which Lodi cannot compete.

In response to Council Member Hansen, Mr. Goehring stated that there is no plan to increase fees in the 2006-07 budget; however, the new budget task force will evaluate the fee structure and cost recovery goals, and there could be a mid-year fee adjustment.

In answer to Mayor Pro Tempore Johnson, Mr. Goehring stated that the hiring process is tedious and part-time personnel are hired under the same criteria as full time personnel. The department has experienced difficulty in generating interest in life guards and staff positions at Lodi Lake and Blakely Pool, which is not related to the recruitment process.

Mayor Hitchcock indicated that she had received a call from the principal of Woodbridge School who was concerned about whether or not an after school program could be implemented. She believed it was a policy decision for Council to determine if a program should pay for itself or not. There is inequity in the system if there are some programs allowed to operate that are not self-sufficient and others that are new and cannot immediately pay for themselves. She believed that it took a while for most of the after school programs to get started and realize the necessary revenues.

In response to Mayor Hitchcock, Mr. Goehring confirmed that all of the after school programs are paying for themselves and that they work under a different set of rules today than when most were first opened. He explained that, regardless of the number of enrollees in the program, it still needs to be staffed and materials purchased.

Susan Bjork, Management Analyst, confirmed that there is an after school program at every public school within the City limits of Lodi.

Council Member Hansen suggested that the appropriate staff collaborate to improve the hiring practice and simplify the process, to which Mr. King assured Council that steps would be taken to arrive at a solution, but he cautioned that there are matters that cannot be overlooked, such as nepotism and child labor laws. Council Member Hansen suggested utilizing the work experience program through the high schools to fill these positions.

Mr. King stated that an important policy decision for Council is how tax money should be spent and what should be subsidized with tax money. In regard to after school programs, the question becomes should each school site be self-supporting, or should some sites subsidize others.

Mayor Hitchcock believed that going site by site was not realistic or fair, and it should instead be program wide.

Council Member Beckman requested detailed information on the grant-based programs, the fee-based programs, participation, and the school sites and suggested that this may be a topic for a Shirtsleeve Session.

Mayor Pro Tempore Johnson stated that the Council approved a policy that after school programs be 100% self sufficient. He expressed support for implementing an equitable policy on recreational activities, so that everyone gets a fair shake in the process.

MOTION / VOTE:

There was no Council action taken on this matter.

B-2 "Establish recruitment salary control point for the position of City Clerk"

City Manager King explained the process of determining the recommended control point of \$6,540 for the position of City Clerk. Staff looked at West Sacramento and Davis, split the difference to establish the control point, and then factored 10% above and below the control point to come up with the suggested salary range of \$5,932 to \$7,210 per month.

MOTION / VOTE:

The City Council, on motion of Council Member Beckman, Hansen second, established a recruitment salary control point of \$6,540 per month, which allows for a salary range of \$5,932 to \$7,210 per month to be used in recruitment material for a new City Clerk. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mayor Hitchcock

Noes: Council Members – None

Absent: Council Members – Mounce

C. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:10 p.m.

ATTEST:

Jennifer M. Perrin
Deputy City Clerk